

2023

Quarterly Statement
as of September 30, 2023

LANXESS Group Key Data

€ million	Q3 2022	Q3 2023	Change %	9M 2022	9M 2023	Change %
Sales	2,185	1,601	(26.7)	6,115	5,278	(13.7)
Gross profit	527	289	(45.2)	1,483	1,036	(30.1)
Gross profit margin	24.1%	18.1%		24.3%	19.6%	
EBITDA pre exceptionals ¹⁾	240	119	(50.4)	755	415	(45.0)
EBITDA margin pre exceptionals ¹⁾	11.0%	7.4%		12.3%	7.9%	
EBITDA ¹⁾	206	83	(59.7)	673	335	(50.2)
EBIT pre exceptionals ¹⁾	101	(22)	< (100)	361	2	(99.4)
EBIT ¹⁾	66	(65)	< (100)	276	(87)	< (100)
EBIT margin ¹⁾	3.0%	(4.1)%		4.5%	(1.6)%	
Net income (loss)	80	(131)	< (100)	271	1,196	> 100
from continuing operations	84	(131)	< (100)	198	(266)	< (100)
from discontinued operations	(4)	0	> 100	73	1,462	> 100
Weighted average number of shares outstanding	86,346,303	86,346,303	–	86,346,303	86,346,303	–
Earnings per share (€)	0.93	(1.52)	< (100)	3.14	13.85	> 100
from continuing operations	0.97	(1.52)	< (100)	2.29	(3.08)	< (100)
from discontinued operations	(0.04)	–	100.0	0.85	16.93	> 100
Adjusted earnings per share from continuing operations (€) ²⁾	0.97	(0.01)	< (100)	3.28	0.43	(86.9)
Cash flow from operating activities – continuing operations	38	390	> 100	95	628	> 100
Depreciation and amortization	140	148	5.7	397	422	6.3
Cash outflows for capital expenditures	98	68	(30.6)	249	194	(22.1)
Total assets				11,287 ⁵⁾	10,576	(6.3)
Equity (including non-controlling interests)				4,427 ⁵⁾	5,630	27.2
Equity ratio ³⁾				39.2% ⁵⁾	53.2%	
Provisions for pensions and other post-employment benefits				367 ⁵⁾	304	(17.2)
Net financial liabilities ⁴⁾				3,814 ⁵⁾	2,557	(33.0)
Employees (as of Sep. 30)				13,126 ⁵⁾	12,993	(1.0)

1) EBIT: earnings before interest and taxes.

EBIT pre exceptionals: EBIT disregarding exceptional charges and income.

EBIT margin: EBIT in relation to sales.

EBITDA: EBIT before depreciation of property, plant and equipment and amortization of intangible assets, less reversals of impairment charges on property, plant, equipment and intangible assets.

EBITDA pre exceptionals: EBITDA disregarding exceptional charges and income.

EBITDA margin pre exceptionals: EBITDA pre exceptionals in relation to sales.

Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

2) Adjusted earnings per share from continuing operations: earnings per share from continuing operations disregarding exceptional charges and income, amortization of intangible assets and attributable tax effects and income from investments accounted for using the equity method. See "Net income/earnings per share/adjusted earnings per share from continuing operations" for details.

3) Equity ratio: equity in relation to total assets.

4) Net financial liabilities: sum of current and non-current financial liabilities (adjusted for liabilities for accrued interest) less cash, cash equivalents and near-cash assets.

See "Statement of Financial Position and Financial Condition" for details.

5) As of December 31, 2022.

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QUARTERLY STATEMENT AS OF SEPTEMBER 30, 2023

- › Sustainable savings of €150 million due to structural measures with FORWARD! action plan initiated
- › Third-quarter sales significantly below previous year's level
- › Lower demand from nearly all end markets impacts sales development in all segments
- › Substantial debt reduction through consistent reduction of net working capital
- › Third quarter EBITDA pre exceptionals declined primarily volume-driven year-on-year to €119 million
- › Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets of minus €0.01 in the third quarter against €0.97 in the previous year
- › Guidance for fiscal year 2023 adjusted: EBITDA pre exceptionals from continuing operations expected to be between €500 million and €550 million

REPORTING FOCUS AND MATERIAL TRANSACTIONS

LANXESS is counteracting the global economic weakness of the chemicals industry since the start of the year and the still strained economic situation in the short and long terms with its FORWARD! action plan. FORWARD! is a collection of measures for the prompt stabilization of earnings for 2023, sustainable cost reduction via structural adjustments, and the further refinement of LANXESS's business models. A number of immediate measures were already taken in the third quarter. In the current year, savings are expected to amount to around €50 million as a result of cost reductions and another €50 million as a result of lower investments. Further specific structural measures to permanently reduce costs by €150 million have been initiated. In addition to cutting 870 jobs, the business models will be refined and market access improved. This is intended to strengthen LANXESS's businesses in the long term in order to increase the earnings level and permanently improve the earnings margin.

On April 1, 2023, LANXESS and Advent International ("Advent") established a new company for high-performance engineering polymers. The company, called Envalior, combines the Engineering Materials business of the Dutch group Royal DSM with LANXESS's High Performance Materials business unit. LANXESS holds 40.94% of the new company. LANXESS will have the first possibility to sell its shares to Advent after three years.

On March 31, 2023, LANXESS received a payment of around €1.27 billion, which was used primarily to reduce net financial debt. The deconsolidation of the High Performance Materials business unit resulted in a gain of approximately €1.53 billion. Starting in the second quarter of 2023, the minority interest in Envalior GmbH, Cologne, Germany, is included in the LANXESS consolidated financial statements using the equity method. As of September 30, 2023, it was valued at around €1.06 billion.

BUSINESS PERFORMANCE

Sales

Sales of the LANXESS Group amounted to €1,601 million, down by €584 million or 26.7% from the previous year's figure. This sales development was particularly influenced by inventory reduction among our customers, which continued in the third quarter, albeit at a diminishing level, and exacerbated weak demand in large parts of the industry. Sales were also negatively affected by lower selling prices. Overall, lower volumes resulted in a sales decline of 14.0% and lower selling prices reduced sales by 9.3%. In addition, shifts in exchange rates had a negative effect and reduced sales by 3.4% in total.

Effects on Sales

%	Q3 2023	9M 2023
Price	(9.3)	(3.4)
Volume	(14.0)	(12.2)
Currency	(3.4)	(1.3)
Portfolio	0.0	3.2
	(26.7)	(13.7)

EBITDA and operating result (EBIT)

EBITDA Pre Exceptionals by Segment

€ million	Q3 2022	Q3 2023	Change %	9M 2022	9M 2023	Change %
Consumer Protection	110	84	(23.6)	286	260	(9.1)
Specialty Additives	121	33	(72.7)	391	168	(57.0)
Advanced Intermediates	65	30	(53.8)	226	97	(57.1)
All other segments	(56)	(28)	50.0	(148)	(110)	25.7
	240	119	(50.4)	755	415	(45.0)

The operating result before depreciation, amortization, write-downs and reversals (EBITDA) pre exceptionals amounted to €119 million in the third quarter of 2023, lower than the prior-year quarter. In the previous year, EBITDA pre exceptionals amounted to €240 million. The weaker demand and the associated reduction in sales volumes and higher idle costs led to an earnings decline, especially in the Specialty Additives and Advanced Intermediates segments. Our Consumer Protection segment saw a comparatively moderate earnings decline. All segments recorded lower procurement prices for raw materials and energy, which resulted in lower selling prices. In addition, the change in exchange rates had a negative influence on earnings development in all segments. Please see the table above and "Segment Information" for details on the individual segments.

Particularly due to lower freight rates, volume effects, exchange rate effects and initial cost savings, selling expenses were 28.0% below the figure for the prior-year quarter and amounted to €213 million. Research and development costs amounted to €24 million compared with €26 million in the prior-year period while general administration expenses amounted to €73 million compared with €78 million in the prior-year period, partly due to cost savings and exchange rate effects. The Group EBITDA margin pre exceptionals amounted to 7.4%, against 11.0% in the prior-year quarter.

Depreciation, amortization and write-downs rose by €8 million or 5.7% compared with the figure for the prior-year quarter to €148 million due to write-downs. Of the write-downs, €7 million

constituted exceptional items, which largely related to the closure of the Advanced Industrial Intermediates business unit's site in Mapleton, U.S. In the prior-year quarter, write-downs amounted to €3 million. Net negative exceptional items of €43 million included in other operating income and expenses affected EBITDA by a total of €36 million and related primarily to initial expenses as part of the FORWARD! action plan and expenses in connection with strategic IT projects, digitalization projects and M&A activities. In the prior-year quarter, negative exceptional items totaling €35 million were incurred, €34 million of which impacted EBITDA.

Reconciliation of EBITDA Pre Exceptionals to EBIT

€ million	Q3 2022	Q3 2023	Change %	9M 2022	9M 2023	Change %
EBITDA pre exceptionals	240	119	(50.4)	755	415	(45.0)
Depreciation and amortization	(140)	(148)	(5.7)	(397)	(422)	(6.3)
Exceptional items in EBITDA	(34)	(36)	(5.9)	(82)	(80)	2.4
Operating result (EBIT)	66	(65)	< (100)	276	(87)	< (100)

Financial result

The financial result for the third quarter of 2023 was minus €77 million compared with €54 million for the prior-year period. Income from the investment accounted for using the equity method in Envalior GmbH, Cologne, Germany, and in Viance LLC, Wilmington, U.S., came to minus €66 million in total. The income from Envalior was negatively affected in particular by high interest expenses and effects of the purchase price allocation. LANXESS's net interest result was minus €12 million compared with minus €19 million in the prior-year quarter. The other financial result was €1 million. In the previous year, the other financial result of €73 million stemmed primarily from the income from the settlement of interest rate hedges of €83 million.

Income before income taxes

Income before income taxes and the effective tax rate were lower than the respective prior-year figures in the third quarter. This was due largely to income from investments accounted for using the equity method. In the third quarter of 2023, income before income taxes came to minus €142 million, against €120 million for the prior-year period. Particularly because the income from investments accounted for using the equity method is not offset by income taxes at LANXESS level, the effective tax rate of 7.7% was considerably lower than the prior-year quarter's 29.2%.

Net income/earnings per share/adjusted earnings per share from continuing operations

Net income for the reporting period amounted to minus €131 million, all of which was attributable to continuing operations. In the prior-year quarter, €84 million of the net income of €80 million was attributable to continuing operations and minus €4 million was attributable to the discontinued operations of the High Performance Materials business unit.

Earnings per share are calculated by dividing net income by the weighted average number of LANXESS shares outstanding during the reporting period. Earnings per share amounted to minus €1.52, which was lower than the figure of €0.93 for the prior-year quarter. While all of this is attributable to continuing operations in the current year, minus €0.04 was attributable to earnings per share from discontinued operations in the prior-year quarter.

Net Income and Earnings per Share

	Q3 2022	Q3 2023	9M 2022	9M 2023
Net income (€ million)	80	(131)	271	1,196
from continuing operations (€ million)	84	(131)	198	(266)
from discontinued operations (€ million)	(4)	0	73	1,462
Weighted average number of shares outstanding	86,346,303	86,346,303	86,346,303	86,346,303
Earnings per share (€)	0.93	(1.52)	3.14	13.85
from continuing operations (€)	0.97	(1.52)	2.29	(3.08)
from discontinued operations (€)	(0.04)	–	0.85	16.93

We also calculate adjusted earnings per share from continuing operations, which are not defined by International Financial Reporting Standards. This value was calculated from the earnings per share from continuing operations adjusted for exceptional items, amortization of intangible assets and attributable tax effects. As a result of our minority stakes, our influence on the operational business of investments accounted

for using the equity method is limited. Therefore, we also adjust earnings per share for income from investments accounted for using the equity method. Adjusted earnings per share from continuing operations came in at minus €0.01 in the third quarter of 2023. In the prior-year period, adjusted earnings per share from continuing operations had amounted to €0.97.

Reconciliation to Adjusted Earnings per Share from Continuing Operations

€ million	Q3 2022	Q3 2023	9M 2022	9M 2023
Net income from continuing operations	84	(131)	198	(266)
Exceptional items ¹⁾	35	43	85	89
Amortization of intangible assets ¹⁾	41	41	107	123
Income in connection with the settlement of interest rate swaps	(83)	–	(83)	–
Income taxes ¹⁾	7	(20)	(24)	(52)
Income from investments accounted for using the equity method	–	66	–	143
Adjusted net income from continuing operations	84	(1)	283	37
Weighted average number of shares outstanding	86,346,303	86,346,303	86,346,303	86,346,303
Adjusted earnings per share from continuing operations (€)	0.97	(0.01)	3.28	0.43

1) Excluding items attributable to non-controlling interests.

BUSINESS DEVELOPMENT BY REGION

Group sales in the third quarter of 2023 amounted to €1,601 million, down 26.7% from the previous year's figure of €2,185 million. All regions saw declining business development.

Sales by Market

	Q3 2022		Q3 2023		Change	9M 2022		9M 2023		Change
	€ million	%	€ million	%		%	€ million	%	€ million	
EMEA (excl. Germany)	621	28.4	443	27.7	(28.7)	1,801	29.4	1,563	29.6	(13.2)
Germany	355	16.3	252	15.7	(29.0)	1,028	16.8	879	16.7	(14.5)
Americas	761	34.8	600	37.5	(21.2)	1,998	32.7	1,837	34.8	(8.1)
Asia-Pacific	448	20.5	306	19.1	(31.7)	1,288	21.1	999	18.9	(22.4)
	2,185	100.0	1,601	100.0	(26.7)	6,115	100.0	5,278	100.0	(13.7)

SEGMENT INFORMATION

Consumer Protection

	Q3 2022		Q3 2023		Change	9M 2022		9M 2023		Change
	€ million	Margin %	€ million	Margin %		%	€ million	Margin %	€ million	
Sales	662		581		(12.2)	1,726		1,832		6.1
EBITDA pre exceptionals	110	16.6	84	14.5	(23.6)	286	16.6	260	14.2	(9.1)
EBITDA	98	14.8	84	14.5	(14.3)	273	15.8	258	14.1	(5.5)
Operating result (EBIT) pre exceptionals	62	9.4	33	5.7	(46.8)	165	9.6	117	6.4	(29.1)
Operating result (EBIT)	50	7.6	33	5.7	(34.0)	152	8.8	115	6.3	(24.3)
Cash outflows for capital expenditures	27		17		(37.0)	86		53		(38.4)
Depreciation and amortization	48		51		6.3	121		143		18.2
Employees as of Sep. 30 (previous year: as of Dec. 31)	3,566		3,572		0.2	3,566		3,572		0.2

In our **Consumer Protection** segment, sales amounted to €581 million in the reporting quarter of 2023, down 12.2% from the prior-year level. This was particularly attributable to lower selling prices, weaker demand than expected for the respective end markets, and customers' ongoing inventory reduction. At segment level, lower selling prices reduced sales by 4.7% and lower volumes resulted in a sales decline of 4.1%. Shifts in exchange rates also reduced sales in all business units, leading to an overall decrease in sales of 3.4% at segment level. Sales in all regions were below the level of the prior-year quarter.

EBITDA pre exceptionals in the Consumer Protection segment decreased by €26 million, or 23.6%, to €84 million, compared with the prior-year level of €110 million. Lower volumes, higher idle costs due to lower capacity utilization and the change in exchange rates had a negative effect on earnings development and the margin. Lower procurement prices for raw materials and energy were reflected in lower selling prices. Reduced freight costs had a positive effect. The EBITDA margin pre exceptionals came in at 14.5%, against 16.6% in the prior-year period.

No exceptional items were attributable to the segment in the third quarter of the current year. In the prior-year quarter, the segment recorded negative exceptional items of €12 million, which impacted EBITDA. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

Specialty Additives

	Q3 2022		Q3 2023		Change	9M 2022		9M 2023		Change
	€ million	Margin %	€ million	Margin %		%	€ million	Margin %	€ million	
Sales	792		549		(30.7)	2,286		1,833		(19.8)
EBITDA pre exceptionals	121	15.3	33	6.0	(72.7)	391	17.1	168	9.2	(57.0)
EBITDA	120	15.2	33	6.0	(72.5)	390	17.1	168	9.2	(56.9)
Operating result (EBIT) pre exceptionals	74	9.3	(13)	(2.4)	< (100)	251	11.0	32	1.7	(87.3)
Operating result (EBIT)	73	9.2	(13)	(2.4)	< (100)	250	10.9	32	1.7	(87.2)
Cash outflows for capital expenditures	34		29		(14.7)	71		77		8.5
Depreciation and amortization	47		46		(2.1)	140		136		(2.9)
Employees as of Sep. 30 (previous year: as of Dec. 31)	2,985		2,967		(0.6)	2,985		2,967		(0.6)

Compared with the prior-year quarter, sales in our **Specialty Additives** segment fell by 30.7% in the third quarter of 2023 to €549 million. Particularly due to weaker demand from the construction, electronics and automotive industries, all business units of the segment posted lower sales. Volumes fell short of the prior-year quarter and reduced sales by 18.5% at segment level. Only the aviation industry developed relatively stably. The Lubricant Additives business unit maintained its selling prices at the previous year's level, while the lower selling prices of the segment's other two business units led to a sales decline

totaling 7.8% at segment level. Shifts in exchange rates also had a negative effect on all business units and reduced the segment's sales by 4.4%. Sales in all regions were below the level of the prior-year quarter.

EBITDA pre exceptionals in the Specialty Additives segment decreased by €88 million, or 72.7%, to €33 million in the third quarter. Lower volumes due to weaker demand and lower selling prices had a negative impact on earnings. The Polymer Additives and Rhein Chemie business units in particular saw lower selling

prices. Targeted inventory reduction, which exacerbated the low capacity utilization, likewise had a negative impact on earnings and the margin. Adverse exchange rate effects also reduced earnings. The EBITDA margin pre exceptionals was 6.0%, against 15.3% in the prior-year period.

Advanced Intermediates

	Q3 2022		Q3 2023		Change	9M 2022		9M 2023		Change
	€ million	Margin %	€ million	Margin %		%	€ million	Margin %	€ million	
Sales	642		403		(37.2)	1,842		1,403		(23.8)
EBITDA pre exceptionals	65	10.1	30	7.4	(53.8)	226	12.3	97	6.9	(57.1)
EBITDA	65	10.1	30	7.4	(53.8)	226	12.3	95	6.8	(58.0)
Operating result (EBIT) pre exceptionals	37	5.8	1	0.2	(97.3)	140	7.6	15	1.1	(89.3)
Operating result (EBIT)	37	5.8	(4)	(1.0)	< (100)	140	7.6	8	0.6	(94.3)
Cash outflows for capital expenditures	23		18		(21.7)	60		51		(15.0)
Depreciation and amortization	28		34		21.4	86		87		1.2
Employees as of Sep. 30 (previous year: as of Dec. 31)	3,010		3,015		0.2	3,010		3,015		0.2

Our **Advanced Intermediates** segment recorded sales of €403 million in the third quarter of 2023, down 37.2%, or €239 million, compared with the prior-year period. Both sales volumes and selling prices of the segment's two business units were below the previous year's level. The sales decline was particularly influenced by the significantly lower sales volumes in the business units, which were below the prior-year quarter as a result of weaker demand, especially from the construction industry. Overall, there was a negative volume effect of 18.8% at segment level. The lower procurement prices for raw materials and energy resulted in lower selling prices, which had a negative

effect on sales of 16.2% at segment level. In addition, shifts in exchange rates had a negative effect on both business units and decreased the segment's sales by 2.2% in total. Sales in all regions were below the level of the prior-year quarter.

EBITDA pre exceptionals in the Advanced Intermediates segment decreased by 53.8% to €30 million, compared with the previous year's figure of €65 million, with lower volumes in both business units due to generally weak demand and lower capacity utilization negatively affecting earnings and the margin. The shift in exchange rates also had a negative impact

on earnings. Lower procurement prices for raw materials and energy resulted in lower selling prices. The EBITDA margin pre exceptionals was 7.4%, against 10.1% in the prior-year quarter.

The segment recorded negative exceptional items of €5 million in the third quarter, which did not impact EBITDA and primarily related to the closure of the Advanced Industrial Intermediates business unit's site in Mapleton, U.S. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

All Other Segments

€ million	Q3 2022	Q3 2023	Change %	9M 2022	9M 2023	Change %
Sales	89	68	(23.6)	261	210	(19.5)
EBITDA pre exceptionals	(56)	(28)	50.0	(148)	(110)	25.7
EBITDA	(77)	(64)	16.9	(216)	(186)	13.9
Operating result (EBIT) pre exceptionals	(72)	(43)	40.3	(195)	(162)	16.9
Operating result (EBIT)	(94)	(81)	13.8	(266)	(242)	9.0
Cash outflows for capital expenditures	14	4	(71.4)	32	13	(59.4)
Depreciation and amortization	17	17	0.0	50	56	12.0
Employees as of Sep. 30 (previous year: as of Dec. 31)	3,565	3,439	(3.5)	3,565	3,439	(3.5)

The sales reported in **All other segments** for the third quarter of the fiscal year and the prior-year period mainly relate to the business of the Urethane Systems business unit. EBITDA pre exceptionals came to minus €28 million in the third quarter of 2023, compared with minus €56 million in the previous year, and resulted mainly from expenses for the business activities of the corporate functions. The decline in expenses related in particular to the absence of expenses from currency hedges in the prior-year period and savings measures in the current

quarter. In the third quarter, net negative exceptional items of €38 million were incurred, €36 million of which impacted EBITDA. The exceptional items related primarily to initial expenses as part of the FORWARD! action plan and expenses in connection with strategic IT projects, digitalization projects and M&A activities. In the prior-year period, there were negative exceptional items of €22 million. Please see “Notes on EBIT and EBITDA (Pre Exceptionals)” for details.

NOTES ON EBIT AND EBITDA (PRE EXCEPTIONALS)

In order to better assess our operational business and to steer earning power at Group level and at the level of the individual segments, we additionally calculate the earnings indicators EBITDA, and EBITDA and EBIT pre exceptionals, none of which are defined by International Financial Reporting Standards. These indicators are supplementary to the data prepared according to IFRS; they are not a substitute.

EBITDA is calculated from earnings (EBIT) by adding back depreciation and impairments of property, plant and equipment as well as amortization and impairments of intangible assets and subtracting reversals of impairment charges on property, plant, equipment and intangible assets.

EBIT pre exceptionals and **EBITDA pre exceptionals** are EBIT and EBITDA before exceptional items. The latter are effects that, by nature or extent, have a significant impact on the earnings position, but for which inclusion in the evaluation of business performance over several reporting periods does not seem to be appropriate. Exceptional items may include write-downs, reversals of impairment charges or the proceeds from the disposal of assets, certain expenses for strategic projects in the fields of IT and digitalization, restructuring expenses and income from the reversal of provisions established in this connection, and reductions in earnings resulting from portfolio adjustments or purchase price allocations. Grants and subsidies from third parties for the acquisition and construction of property, plant and equipment are accounted for as deferred income using the gross method. In this respect, no adjustments

other than for gross depreciation and amortization are made when calculating EBITDA pre exceptionals.

Every operational decision or achievement is judged in the short and long term by its sustainable impact on EBITDA pre exceptionals. As part of the annual budget (target) planning process, targets are set for this benchmark of our company's success, which are then taken into account in determining variable income components for the Board of Management, senior executives and the rest of the workforce.

The **earnings margins** are calculated from the ratios of the respective earnings indicators to sales. For example, the EBITDA margin (pre exceptionals) is calculated as the ratio of EBITDA (pre exceptionals) to sales and serves as an indicator of relative earning power at Group level and for the individual segments.

Reconciliation to EBIT/EBITDA

€ million	EBIT Q3 2022	EBIT Q3 2023	EBITDA Q3 2022	EBITDA Q3 2023	EBIT 9M 2022	EBIT 9M 2023	EBITDA 9M 2022	EBITDA 9M 2023
EBIT/EBITDA pre exceptionals	101	(22)	240	119	361	2	755	415
Consumer Protection	(12)	0	(12)	0	(13)	(2)	(13)	(2)
Strategic realignment	(12)	0	(12)	0	(13)	(2)	(13)	(2)
Specialty Additives	(1)	-	(1)	-	(1)	-	(1)	-
Adjustment of the production network	(1)	-	(1)	-	(1)	-	(1)	-
Advanced Intermediates	-	(5)	-	0	-	(7)	-	(2)
Adjustment of the production network	-	(5)	-	0	-	(7)	-	(2)
All other segments	(22)	(38)	(21)	(36)	(71)	(80)	(68)	(76)
FORWARD!	-	(10)	-	(10)	-	(10)	-	(10)
Strategic IT projects (SAP S/4HANA and other IT applications)	(6)	(10)	(6)	(9)	(31)	(26)	(31)	(25)
Digitalization, M&A expenses and other	(16)	(18)	(15)	(17)	(40)	(44)	(37)	(41)
Total exceptional items	(35)	(43)	(34)	(36)	(85)	(89)	(82)	(80)
EBIT/EBITDA	66	(65)	206	83	276	(87)	673	335

STATEMENT OF FINANCIAL POSITION AND FINANCIAL CONDITION

Structure of the statement of financial position

As of September 30, 2023, the LANXESS Group's total assets stood at €10,576 million, down €711 million, or 6.3%, from €11,287 million on December 31, 2022. The decline resulted mainly from the repayment of various bilateral bank loans after the formation of Envalior and the repayment of the hybrid bond of €500 million utilizing the first redemption option on June 6, 2023. Equity increased by €1,203 million compared with December 31, 2022 to €5,630 million. The increase likewise relates to the formation of Envalior and is particularly attributable to the net income influenced by the gain on the deconsolidation of the High Performance Materials business unit. The equity ratio therefore rose to 53.2% at the end of the third quarter after 39.2% as of December 31, 2022.

Financial position

Changes in the statement of cash flows

The following comments on the statement of cash flows relate to LANXESS's continuing operations.

In the first nine months of 2023, there was total net cash inflow of €628 million from operating activities, against net cash inflow of €95 million in the prior-year period. Income before income taxes declined from €278 million to minus €286 million. In the reporting period, this was adjusted for income from investments accounted for using the equity method of minus €143 million, among other effects. Furthermore, non-cash depreciation, amortization and write-downs amounted to €422 million in the reporting period, up €25 million on the €397 million of the prior-year period. The change in net working capital resulted

in a net cash inflow of €398 million compared with a net cash outflow of €597 million in the prior-year period. There was net cash outflow for the payment of income taxes of €37 million, whereas reimbursed income taxes resulted in a net cash inflow of €37 million in the prior-year period.

There was a €622 million net cash inflow from investing activities in the first nine months of 2023, compared with a €1,010 million net cash outflow in the same period a year ago. The net cash inflow resulted in particular from payments of €1,267 million received in connection with the formation of Envalior. Cash outflows for financial assets and other assets held for investment purposes resulted from the acquisition of shares of money market funds that can be sold at any time as well as the granting of a shareholder loan to Envalior GmbH, Cologne, Germany. Cash inflows from financial and other assets held for investment purposes from the sale of shares of money market funds that can be sold at any time had the opposite effect. Cash outflows for the acquisition of intangible assets and property, plant and equipment resulted in a net cash outflow of €194 million, compared with €249 million in the first nine months of the previous year.

Net cash used for financing activities came to €1,420 million in the reporting period, compared with net cash provided by financing activities of €714 million in the first nine months of 2022. The net cash used was particularly due to the repayment of various bilateral bank loans and the repayment of the hybrid bond of €500 million utilizing the first redemption option on June 6, 2023. Further cash outflows resulted from the dividend payment of €91 million to LANXESS shareholders as well as interest paid and other financial disbursements. This was countered by the borrowing of bilateral bank loans.

Financing and liquidity

Net financial liabilities totaled €2,557 million as of September 30, 2023, compared with €3,814 million as of December 31, 2022. The decrease resulted primarily from the payment received in connection with the formation of Envalior and a significant reduction in net working capital. The cash received was used in particular for the repayment of various bilateral bank loans and the repayment of the hybrid bond of €500 million. Among other things, the dividend payment to LANXESS shareholders of €91 million had the opposite effect.

Net Financial Liabilities

€ million	Dec. 31, 2022	Sep. 30, 2023
Non-current financial liabilities	3,417	2,928
Current financial liabilities	830	88
Less		
Liabilities for accrued interest	(30)	(18)
Cash and cash equivalents	(324)	(170)
Near-cash assets	(79)	(271)
Net financial liabilities	3,814	2,557

Provisions for pensions and other post-employment benefits totaled €304 million as of September 30, 2023, compared with €367 million as of December 31, 2022. This decrease was mainly due to an increase in the interest rates used for discounting.

OUTLOOK

In the current fiscal year, the economic environment is still influenced by uncertain conditions due to the ongoing war in Ukraine, the latest conflict in Israel and a recessionary business environment. In the third quarter of 2023, the persistently weak demand and customers' ongoing albeit diminishing inventory reduction – also in businesses with otherwise stable consumer products – continued to have noticeable negative effects on our business.

The further development of the precarious geopolitical situation, the potentially resulting raw material and energy shortages and

the risk of recession still represent a substantial uncertainty factor for the global economy. The global supply chain situation has generally improved and some let-up can be seen in raw material and energy costs, but no economic recovery is in sight for the remainder of fiscal year 2023.

In light of the persistently weak demand, especially in the construction and electrical/electronics industries but also from nearly all other end markets, we do not expect demand to recover in the final quarter of the year and therefore forecast EBITDA pre exceptionals of €500 million to €550 million in fiscal year 2023.

FINANCIAL DATA

as of September 30, 2023

STATEMENT OF FINANCIAL POSITION LANXESS GROUP

€ million	Dec. 31, 2022	Sep. 30, 2023
ASSETS		
Intangible assets ¹⁾	3,331	3,245
Property, plant and equipment	2,750	2,663
Investments accounted for using the equity method	71	1,135
Investments in other affiliated companies	20	19
Non-current derivative assets	14	2
Other non-current financial assets	77	252
Non-current income tax receivables	57	52
Deferred taxes	54	63
Other non-current assets	63	66
Non-current assets	6,437	7,497
Inventories	1,861	1,504
Trade receivables ¹⁾	858	695
Cash and cash equivalents	324	170
Near-cash assets	79	271
Current derivative assets	18	18
Other current financial assets	172	194
Current income tax receivables	35	24
Other current assets	228	203
Assets held for sale and discontinued operations	1,275	–
Current assets	4,850	3,079
Total assets	11,287	10,576

€ million	Dec. 31, 2022	Sep. 30, 2023
EQUITY AND LIABILITIES		
Capital stock and capital reserves	1,317	1,317
Other reserves	2,955	3,172
Net income	250	1,196
Other equity components	(101)	(61)
Equity attributable to non-controlling interests	6	6
Equity	4,427	5,630
Provisions for pensions and other post-employment benefits	367	304
Other non-current provisions	296	298
Non-current derivative liabilities	1	2
Other non-current financial liabilities	3,417	2,928
Non-current income tax liabilities	28	29
Other non-current liabilities	41	35
Deferred taxes	284	195
Non-current liabilities	4,434	3,791
Other current provisions ¹⁾	388	302
Trade payables	709	592
Current derivative liabilities	18	18
Other current financial liabilities	830	88
Current income tax liabilities	38	43
Other current liabilities	125	112
Liabilities directly related to assets held for sale and discontinued operations	318	–
Current liabilities	2,426	1,155
Total equity and liabilities	11,287	10,576

1) Prior-year figures restated

INCOME STATEMENT LANXESS GROUP

€ million	Q3 2022	Q3 2023	9M 2022	9M 2023
Sales	2,185	1,601	6,115	5,278
Cost of sales	(1,658)	(1,312)	(4,632)	(4,242)
Gross profit	527	289	1,483	1,036
Selling expenses	(296)	(213)	(773)	(729)
Research and development expenses	(26)	(24)	(76)	(76)
General administration expenses	(78)	(73)	(219)	(215)
Other operating income	6	17	20	48
Other operating expenses	(67)	(61)	(159)	(151)
Operating result (EBIT)	66	(65)	276	(87)
Income from investments accounted for using the equity method	0	(66)	0	(143)
Interest income	1	1	5	7
Interest expense	(20)	(13)	(55)	(59)
Other financial income and expense	73	1	52	(4)
Financial result	54	(77)	2	(199)
Income before income taxes	120	(142)	278	(286)
Income taxes	(35)	11	(79)	20
Income after income taxes from continuing operations	85	(131)	199	(266)
Income after income taxes from discontinued operations	(4)	0	73	1,462
Income after income taxes	81	(131)	272	1,196
of which attributable to non-controlling interests	1	0	1	0
of which attributable to LANXESS AG stockholders (net income)	80	(131)	271	1,196
Earnings per share (basic/diluted) (€)				
from continuing operations	0.97	(1.52)	2.29	(3.08)
from discontinued operations	(0.04)	–	0.85	16.93
from continuing and discontinued operations	0.93	(1.52)	3.14	13.85

STATEMENT OF COMPREHENSIVE INCOME LANXESS GROUP

€ million	Q3 2022	Q3 2023	9M 2022	9M 2023
Income after income taxes	81	(131)	272	1,196
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of the net defined benefit liability for post-employment benefit plans	120	90	526	83
Financial instruments fair value measurement	1	(9)	(29)	(1)
Income taxes	(35)	(24)	(145)	(25)
	86	57	352	57
Items that may be reclassified subsequently to profit or loss if specific conditions are met				
Exchange differences on translation of operations outside the eurozone	272	114	601	64
Financial instruments fair value measurement	(125)	(11)	(43)	(6)
Financial instruments cost of hedging	(2)	(1)	1	0
Other comprehensive income (net of income tax) attributable to invest-ments accounted for using the equity method	–	(14)	–	(19)
Income taxes	37	3	12	2
	182	91	571	41
Other comprehensive income, net of income tax	268	148	923	98
Total comprehensive income	349	17	1,195	1,294
of which attributable to non-controlling interests	0	0	0	0
of which attributable to LANXESS AG stockholders	349	17	1,195	1,294
Total comprehensive income attributable to LANXESS AG stockholders	349	17	1,195	1,294
from continuing operations	350	17	1,094	(175)
from discontinued operations	(1)	–	101	1,469

STATEMENT OF CHANGES IN EQUITY LANXESS GROUP

	Capital stock	Capital reserves	Other reserves	Net income (loss)	Other equity components			Equity attributable to LANXESS AG stockholders	Equity attributable to non-controlling interests	Equity
					Currency translation adjustment	Financial instruments Fair value measurement	Cost of hedging			
€ million										
Dec. 31, 2021	86	1,231	2,401	267	(257)	28	0	3,756	6	3,762
Allocations to retained earnings			267	(267)				0		0
Dividend payments			(91)					(91)	0	(91)
Total comprehensive income			374	271	602	(53)	1	1,195	–	1,195
Income after income taxes				271				271	1	272
Other comprehensive income, net of income tax			374		602	(53)	1	924	(1)	923
Sep. 30, 2022	86	1,231	2,951	271	345	(25)	1	4,860	6	4,866
Dec. 31, 2022	86	1,231	2,955	250	(103)	3	(1)	4,421	6	4,427
Allocations to retained earnings			250	(250)				0		0
Dividend payments			(91)					(91)	0	(91)
Total comprehensive income			58	1,196	45	(5)	0	1,294	0	1,294
Income after income taxes				1,196				1,196	0	1,196
Other comprehensive income, net of income tax			58		45	(5)	0	98	0	98
Other changes			0					0		0
Sep. 30, 2023	86	1,231	3,172	1,196	(58)	(2)	(1)	5,624	6	5,630

STATEMENT OF CASH FLOWS LANXESS GROUP

€ million	Q3 2022	Q3 2023	9M 2022	9M 2023
Income before income taxes	120	(142)	278	(286)
Amortization, depreciation and write-downs of intangible assets and property, plant and equipment	140	148	397	422
Losses/gains on disposals of intangible assets and property, plant and equipment	4	0	3	(1)
Income from investments accounted for using the equity method	0	66	0	143
Financial losses (gains)	(66)	5	(17)	44
Income taxes paid/refunded	(28)	(5)	37	(37)
Changes in inventories	(166)	194	(534)	350
Changes in trade receivables	12	101	(80)	164
Changes in trade payables	30	(20)	17	(116)
Changes in other assets and liabilities	(8)	43	(6)	(55)
Net cash provided by operating activities – continuing operations	38	390	95	628
Net cash used in operating activities – discontinued operations	(19)	0	(104)	(11)
Net cash provided by (used in) operating activities – total	19	390	(9)	617
Cash outflows for purchases of intangible assets and property, plant and equipment	(98)	(68)	(249)	(194)
Cash inflows from sales of intangible assets and property, plant and equipment	0	0	4	2
Cash outflows for financial and other assets held for investment purposes	(16)	(123)	(909)	(1,718)
Cash inflows from financial and other assets held for investment purposes	1,044	1	1,279	1,329
Cash outflows for the acquisition of subsidiaries and other businesses, less acquired cash and cash equivalents	(1,140)	–	(1,143)	0
Cash inflows from the sale of subsidiaries and other businesses, less divested cash and cash equivalents	–	–	–	1,194
Interest and dividends received	3	4	8	9

€ million	Q3 2022	Q3 2023	9M 2022	9M 2023
Net cash used in (provided by) investing activities – continuing operations	(207)	(186)	(1,010)	622
Net cash used in investing activities – discontinued operations	(9)	–	(19)	(6)
Net cash used in (provided by) investing activities – total	(216)	(186)	(1,029)	616
Proceeds from borrowings	0	14	932	381
Repayments of borrowings	(27)	(215)	(170)	(1,652)
Interest paid and other financial disbursements	(2)	(4)	(40)	(58)
Proceeds from interest rate hedges	83	–	83	–
Dividend payments	0	0	(91)	(91)
Net cash provided by (used in) financing activities – continuing operations	54	(205)	714	(1,420)
Net cash used in financing activities – discontinued operations	(2)	–	(3)	(1)
Net cash provided by (used in) financing activities – total	52	(205)	711	(1,421)
Change in cash and cash equivalents – continuing operations	(115)	(1)	(201)	(170)
Change in cash and cash equivalents – discontinued operations	(30)	0	(126)	(18)
Change in cash and cash equivalents – total	(145)	(1)	(327)	(188)
Cash and cash equivalents at beginning of period – total	465	169	643	360
of which continuing operations	457	169	632	324
of which discontinued operations	8	–	11	36
Exchange differences and other changes in cash and cash equivalents – total	5	2	9	(2)
Cash and cash equivalents at end of period – total	325	170	325	170
of which continuing operations	315	170	315	170
of which discontinued operations	10	–	10	–

BUSINESS UNIT KEY DATA

Key Data by Segment Third Quarter

€ million	Consumer Protection		Specialty Additives		Advanced Intermediates		All other segments		LANXESS	
	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023
External sales	662	581	792	549	642	403	89	68	2,185	1,601
Inter-segment sales	17	16	3	2	7	11	(27)	(29)	0	0
Segment/Group sales	679	597	795	551	649	414	62	39	2,185	1,601
Segment result/EBITDA pre exceptionals	110	84	121	33	65	30	(56)	(28)	240	119
EBITDA margin pre exceptionals (%)	16.6	14.5	15.3	6.0	10.1	7.4			11.0	7.4
EBITDA	98	84	120	33	65	30	(77)	(64)	206	83
EBIT pre exceptionals	62	33	74	(13)	37	1	(72)	(43)	101	(22)
EBIT	50	33	73	(13)	37	(4)	(94)	(81)	66	(65)
Segment capital expenditures	30	22	37	33	24	22	15	6	106	83
Depreciation and amortization	48	51	47	46	28	34	17	17	140	148

Key Data by Segment First Nine Months

€ million	Consumer Protection		Specialty Additives		Advanced Intermediates		All other segments		LANXESS	
	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023
External sales	1,726	1,832	2,286	1,833	1,842	1,403	261	210	6,115	5,278
Inter-segment sales	48	61	9	11	24	34	(81)	(106)	0	0
Segment/Group sales	1,774	1,893	2,295	1,844	1,866	1,437	180	104	6,115	5,278
Segment result/EBITDA pre exceptionals	286	260	391	168	226	97	(148)	(110)	755	415
EBITDA margin pre exceptionals (%)	16.6	14.2	17.1	9.2	12.3	6.9			12.3	7.9
EBITDA	273	258	390	168	226	95	(216)	(186)	673	335
EBIT pre exceptionals	165	117	251	32	140	15	(195)	(162)	361	2
EBIT	152	115	250	32	140	8	(266)	(242)	276	(87)
Segment capital expenditures	94	64	79	84	67	60	35	29	275	237
Depreciation and amortization	121	143	140	136	86	87	50	56	397	422
Employees as of Sep. 30 (previous year: as of Dec. 31)	3,566	3,572	2,985	2,967	3,010	3,015	3,565	3,439	13,126	12,993

Financial Calendar 2023/2024

NOV

NOVEMBER 8, 2023

Quarterly Statement
Q3 2023
Conference Call

DEC

JAN

FEB

MARCH

MARCH 14, 2024

Annual Report
Operating results 2023
Conference Call

APR

MAY

MAY 8, 2024

Quarterly Statement
Q1 2024
Conference Call

MAY 24, 2024

Annual Stockholders' Meeting

JUN

JUL

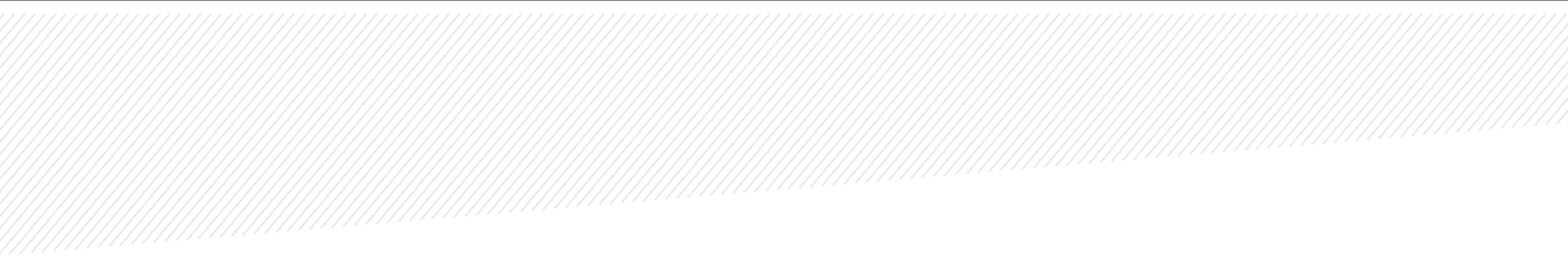
AUG

AUGUST 9, 2024

Half-Year Financial Report
H1 2024
Conference Call

SEP

OCT



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